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ABSTRACT

In this compilation, five alumni of the Institute for Educational Leadership's Journalism Fellowship Program assess the impact of policies and conditions under the Reagan administration on state education in Washington, Wisconsin, Massachusetts, Nebraska, and Texas. An introduction reviews the Reagan administration's education program and budget. A summary of the impacts found by the journalists notes that the poor, minorities, and large urban school districts were hardest hit but that other elementary, secondary, and higher education programs were affected. It also mentions the responses of states and state lobbyists. A brief discussion outlines some of the implications of the federal programs for education. The articles' authors and titles are as follows: Constantine Angelos in Washington, "'A Double Whammy' State and Federal Cutbacks"; David Bednarek in Wisconsin, "Federal Cuts Affect Urban Poor and Minorities"; Muriel Cohen in Massachusetts, "Local Funds Limited by Property Tax Lid"; Jack Kennedy in Nebraska, "State Unlikely to Make Up Federal Cuts"; and Dale Rice in Texas, "'Building a Cadillac on a Model T Budget.'" (RW)

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THE IMPACT OF FEDERAL EDUCATION CUTBACKS ON THE STATES

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THE INSTITUTE FOR EDUCATIONAL LEADERSHIP

THE IMPACT OF FEDERAL EDUCATION CUTBACKS ON THE STATES

EARLY ALERT

by Ian McNett
and
Constantine Angelos, The Seattle Times
David Bednarek, The Milwaukee Journal
Muriel Cohen, The Boston Globe
Jack Kennedy, The Lincoln-Journal
Dale Rice, The Dallas Times-Herald

1982

The Institute for Educational Leadership

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—Ian McNett
Madison, Virginia

Preface

In the difficult early months of 1982, increasing pressures on education budgets at the federal level and in the states made the future for education look very bleak and uncertain. No one could predict the impact of the cutbacks with certainty, nor did the states seem ready to respond to such significant changes in the federal role with speed or consistency. And with most of the federal education cuts not having their full impact until the fall of 1982, it was hard to discern the true measure of what changes might be occurring or impending. Thus, we felt it was important to tap the tenor and the scope of change in state capitols at a critical period in which profound transformations were occurring in our federal system, and to try to provide an early, admittedly abbreviated and impressionistic, view of what might be pending in the states when the full impact of the retrenchment would be felt in the 1982-83 and subsequent school years.

As Ian McNett reports, we engaged five experienced journalists with whom we have worked in the past to draw together their best sense of what the funding and policy changes might mean to their five states (Massachusetts, Nebraska, Washington, Wisconsin and Texas). We asked Ian to pull the report together and to analyze the reporters' snapshots of the situations as of May 1, 1982 in their states. This report, then, does not purport to be a research piece, nor an in-depth look at any particular state, region or issue.

It does, however, provide a useful and thought-provoking *Early Alert*—a warning system to advise us on what are and may be the forthcoming challenges which will test education policymakers. In many ways, this document conveys a mood of foreboding and lends credence to predictions that, disturbingly, there is a particular 'poor and minority' effect of these changes. At the same time there is conveyed a sense that educational policymakers like everyone else during these times of fiscal constraints may have some unique opportunities to do more with less. We hope and believe that *Early Alert* will provide thoughtful policymakers with some valuable insights as they confront the difficult decisions which lie immediately ahead.

—Michael D. Usdan, President
The Institute for Educational Leadership

Executive Summary

The Institute for Educational Leadership (IEL) believed it would be useful both for policy and informational purposes to get an early reading of what was happening to education in the states under conditions and policies that have prevailed since the beginning of the Reagan Administration.

What impact were reduced funding and block grants having on schools, students, and services? Who was being affected most? What responses were the states making or likely to make? What limitations existed on state and local capacity to provide funds that formerly had come from the federal government? What was the reaction of the lobbyists?

Five alumni of IEL's Journalism Fellowship Program, all leading education writers, were asked to assess the state of education in Massachusetts, Nebraska, Texas, Washington, and Wisconsin, because of all the changes that were occurring and to relate those changes to the particular economic and political conditions in each of the five states. The journalists' reports cover activities through May 1, 1982.

Here are some highlights of their reports.

THE CONTEXT

- Generally, it is early to fully gauge the impact of the changes, because education programs are mostly forward funded. The major impact will not occur until the fall of 1982 and 1983.
- Therefore, the findings often reflect what state officials expect to happen, given the current state of knowledge about federal actions and intentions, the economy, and the political situation.
- This report, then, constitutes an early alert for policymakers and concerned citizens about the effects on schools and students of changes in funding and policy.

THE IMPACT

- The major impact has been on big cities, the poor, and minorities. Programs and services for these constituencies have been curtailed and are expected to be curtailed further.

- The federal reductions are resulting in reduced services to students and layoffs of teachers, aides, and administrative staff members.
- Thousands of eligible students have lost Title I services with more losses expected in the coming years.
- State education officials generally welcome the block grant concept, but are concerned by reductions in funding.
- Block grant formulas devised by the states tend to penalize the cities and provide more money for districts that are better off economically. In Texas and Wisconsin, the state formulas do not give as much weight to need as city school officials would like.
- Program reductions are affecting more than the poor, minority, and urban students.
- Free and reduced-price school lunches are being eliminated in many districts.
- Parent involvement has been eliminated in some schools; in others, summer programs for disadvantaged students have been wiped out, or tuition is being charged for the first time.
- Adult and vocational education programs are being reduced.
- Federal cuts combined with voter-imposed spending limitations in Massachusetts have resulted in the elimination or curtailment of field trips, music and art, classes for the gifted and talented, home economics, industrial arts, and foreign languages.
- In higher eduction, thousands of students are dropping out of college or changing their higher education plans due to reduced student aid.
- Graduate schools face losses of students due to the elimination of the Guaranteed Student Loan Program.
- In Nebraska, state colleges and community colleges are raising tuition, further squeezing students who will receive less aid or none at all.
- Programs to help minority students enter graduate school are being cut in Washington universities, as are fellowships for foreign language and area studies, social science research into critical social issues, and the federal Sea Grant College Program.
- Federal money for innovation has dried up as the states and local districts put all of their funds into operating budgets.

STATE RESPONSE

- States appear unwilling and do not plan to make up for federal losses out of their own revenues.

- Economic conditions in the states may mean spending reductions in some states in addition to the reductions at the federal level.
- Limitations similar to California's Proposition 13 on state and local spending and taxation make it difficult for states and school districts to provide more money for education.
- Changes in federal income tax law promise to reduce state tax collections in states which have tied their income tax system to the federal one.
- Lobbying is being profoundly affected, with more competition with other sectors and within education. Programs that once received a hearing—such as gifted and talented programs—no longer receive legislative attention. The lobbyists most likely to get a hearing are those who have money for political contributions.

Introduction

No one questions that the Reagan Administration's educational policy represents a sharp change from the educational policy established in the past two decades. A substantial dispute exists, however, about the present and future impact of the new policy. The Administration contends that the truly needy will not be harmed by budget cuts and program shifts. Critics and many interest groups charge that the neediest are the ones most severely affected by the new policies.

Federal educational policy, as it was carved out during the 1960's and 1970's, focused on a number of priorities. The number one priority was promotion of equal educational opportunity. It was based on a philosophy that the federal government had a role in providing opportunities that the states could not or would not provide for the neediest members of the population.

Federal educational policy embraced other areas as well: educational research, professional training, and reform and innovation in education. But the big thrust was providing the means to schools to help those sections of the population that formerly had been left behind. Often these were black, Hispanic, and native American minorities. Many lived in the inner cities, some in isolated rural areas.

Has the Reagan Administration reversed this historic commitment? Or is it merely slashing red tape, trimming excess spending, and eliminating federal funds for those who truly do not need assistance?

The translation of federal educational policy into actual practice at the classroom level is extraordinarily difficult, as a generation of reformers have discovered. It is also difficult to discern the impact of changes in federal policy or funding levels. Change takes a long time to be translated from an act of Congress to the schools and students who are affected.

Most education programs are forward funded which means that a change in funding this year will not be felt until next year at the state and local levels. Therefore, schools won't feel the full impact of the Reagan program until the fall of 1983, though some Administration budget changes will impact upon the schools in the fall of 1982.

The thrust of the Reagan program has been two-fold: to reduce spending and to reduce government control. Proposed spending reductions would cut federal education funds by nearly $4.7 billion between fiscal 1981 and fiscal 1983. These cuts amount to more than

$2 billion for higher education and $2 billion for elementary, secondary, and vocational education. (See Table 1 which summarizes budget authority for fiscal years 1981-85.)

In addition, the President has proposed, and Congress has agreed, to consolidate many smaller former categorical programs into an educational block grant to give the states greater flexibility in allocating funds. These funds also have been slated for reductions from an actual $614 million in fiscal 1981 to a proposed $433 million in fiscal 1983, a reduction of $181 million.

The Administration has argued that savings in paperwork would make up some of the losses, while state and local government and perhaps private industry could be relied upon to make up for much of the difference. More efficient delivery of services and declining enrollments also would contribute to making up for lost federal funds, according to the Administration.

Of course, not all of the President's proposals have been adopted by Congress. As this is being written, a compromise fiscal 1983 budget has been approved, but the appropriations for education have not been acted upon.

Nonetheless, the trend in education is clear—federal spending is headed down and more categorical programs are being proposed for consolidation into block grants. Less clear in the cloud of rhetoric from both sides is the effect of this trend.

Although it was too early to guage the full-scale effects of the policy and funding changes, the Institute for Educational Leadership (IEL) decided in March 1982 to take a quick look at things as they stood in the present. IEL's investigation was one of a half-dozen or more that have been launched to examine the impact of federal policy changes in the states. Most of the other studies relied on scholars to gather data and make reports.

IEL tapped a unique resource—alumni of its Journalism Fellowship Program that has been supported by the Ford Foundation and the National Institute of Education. The program provides short-term study opportunities to some of the country's best educational journalists to enable them to conduct in-depth investigations of current educational issues.

IEL selected from this pool five top reporters. To the degree possible, they are from states that are somewhat representative of the nation in terms of region, ethnicity, economic condition, and urban, suburban, rural composition. The states and the reporters are:

— Massachusetts, Murial Cohen, *The Boston Globe*.

— Nebraska, Jack Kennedy, *The Lincoln Journal*.

— Texas, Dale Rice, *The Dallas Times-Herald*.

— Wisconsin, David Bednarek, *The Milwaukee Journal*.

— Washington, Constantine Angelos, *The Seattle Times*.

Table I
The Federal Education Budget

Major missions and programs	1981 actual	1982 estimate	1983 estimate	1984 estimate	1985 estimate
BUDGET AUTHORITY					
Education:					
Elementary, secondary, and vocational education:					
Education for the disadvantaged	3,112	2,481	1,942	1,500	1,500
State education block grant	614	471	433	305	305
Indian education	352	326	308	291	291
Impact aid	662	453	289	289	289
Education for the handicapped:					
Existing law	1,025	784	.....	.....	.....
Proposed legislation	.....	.....	846	846	846
Vocational and adult education:					
Existing law	782	634	.....	.....	.....
Proposed legislation	.....	.....	500	500	500
Other	166	131	99	79	79
Subtotal, elementary, secondary, and vocational education	6,713	5,280	4,417	3,809	3,809
Higher education:					
Aid to students:					
Pell Grants	2,604	2,188	1,400	1,000	1,000
Campus-based aid	1,198	1,024	400	400	400
Guaranteed student loans:					
Existing law	2,535	3,061	3,397	3,689	4,035
Proposed legislation	.....	−309	−912	−1,174	−1,536
General institutional assistance	216	228	200	185	184
Special institutions	204	220	222	223	223
Other	157	140	82	82	82
Subtotal, higher education	6,913	6,552	4,789	4,405	4,388
Research and general education aids:					
Educational research and statistics	75	62	62	62	62
Cultural activities	673	639	562	506	528
Other	539	486	436	441	449
Subtotal, research and general education aids	1,286	1,186	1,060	1,010	1,039
Subtotal, education	14,912	13,018	10,266	9,224	9,236

Each reporter received a series of questions designed to provide a common focus for their reports. Basically, IEL sought to find out what impact the program and budget changes were beginning to have on schools, students, and services; how the states were reacting; the likelihood that state and local governments would make up for lost federal funds; and the impact of the changes on lobbying efforts.

This report offers the findings of the reporters. Each of them submitted 2,000–3,000 words, based on their knowledge of political, economic, and educational issues in their states, plus up-to-date reporting on what was happening in each state through May 3, 1982. While IEL recognized that definitive answers would not be forthcoming at this early date, it was decided to try to report on preliminary trends because of the significance of what the changes portended for education in the 1980's.

The reporters' findings are summarized in Section II, and their full reports are included as Sections IV–VIII of this document. The reporters are co-authors of this document along with Ian McNett, a Washington, D.C., based free-lance writer, who coordinated the project and wrote the summary sections.

Altogether this report constitutes an early alert on the effects on education in the states and in local districts as a result of the changes at the federal level. These federal changes, of course, cannot be separated entirely from actions at the state and local level and the overall state of the economy.

The Impact

So far, the major impact of federal reductions in funds for education are falling on the poor, on minorities, and on the big city school districts. This, generally, is what the reporters in the five states found in their investigation for IEL.

The impact is compounded, the journalists report, by the national economic recession, by state fiscal problems, and by spending limitations imposed by imitators of California's Proposition 13. In some cases, states are reducing rather than increasing educational spending, and local districts are hampered in making up the difference.

Some states are hurting more than others, because of their economies or the kind of industries they rely upon, but all states are feeling the economic pinch to some degree. The education writers predicted that the states or their local governments probably will not pick up the slack left by federal spending reductions.

Not all state officials are dismayed at the changes. Many like the block grant concept, but complain about the reduction in funds. Others recognize that in a fragile economy something has to give.

"The usual crying and moaning about our losses, you're not going to hear from me," Brian Roherty, an assistant superintendent in the Wisconsin Department of Public Instruction, told reporter Bednarek. "I can't get real excited about it, given the economic realities the country is facing right now."

Seattle superintendent of schools, Donald J. Steele, sees a positive element in the changes that are occurring.

He told journalist Angelos, "John F. Kennedy said, 'When the tide comes in, all the ships float.' But when the tide goes out, you have the opportunity to examine the hulls of those ships that were unseaworthy in the first place."

The federal pullback, Steele said, "is forcing us to look at those things we ought to hang on to in the worst of times."

"A POOR, MINORITY, URBAN EFFECT"

Even so, Seattle, like other big city schools, is particularly feeling the pinch of the federal stringency. The city's federal funds are dropping

from an annual level of about $20 million a few years ago to $13.3 million in fiscal 1982, and an expected $7.5 million in fiscal 1983.

Though the reductions may uncover the barnacles on the educational hull, they also damage employee morale, according to Steele. Seattle faces $36 million in reductions over two years from both state and federal sources. It may have to lay off as many as 275 teachers and other school employees because of the loss of funds, Angelos reports.

In instances like these, Steele declares, "It's almost an impossible task to keep good employee relations going."

Most big city schools face the same problem. On-the-spot reports from the education writers confirm the pessimistic view taken by the Council of Great City Schools, which represents the nation's 28 largest school districts.

"It's really a poor, minority, and urban effect," said Wisconsin's Roherty of the impact of the federal cutbacks.

It is difficult to separate the urban effect from the poor and minority effect, since large clusters of poor, minority families live in the big cities.

In Wisconsin, Bednarek reports, the severest cutbacks are in programs for poor and minority children—$8.8 million. The number of students served by the former Title I program will drop from 71,162 to about 59,000 in the 1982-83 school year.

In Milwaukee, Bednarek writes, school officials are planning to spend $7.5 million on programs that formerly received $15 million a year in federal support. The cut will have the following impact—elimination of a pre-school program for 400 three and four year old children, mostly minorities; a 40 percent cut in a program to give additional help to first grade children; elimination of extra remedial reading help for 1,800 mostly black children and of extra remedial mathematics assistance for 1,260 children, with corollary staff cuts.

In Lincoln, Nebraska, reports Kennedy, parent involvement and free summer programs are being eliminated due to cuts in federal spending.

BLOCK GRANT IMPACT

The effect of federal spending reductions on the cities is compounded by the way the block grants are being distributed by the states. The cities, the poor, and the minorities again are the ones most affected. Dallas and Milwaukee illustrate the problem.

Dallas, which was exceptionally successful in competing for categorical grants, will be harder hit than most other Texas school districts by cutbacks and by the way block grants are to be distributed, Rice reports. The Texas formula allots slightly more than $5 per student statewide.

"There is not anything more inequitable than a formula that distributes money equally, because the needs are not equal," Dallas School Superintendent Linus Wright told Rice. "There is no reason to distribute federal funds to a school district like some of our suburban districts . . . that are going to get federal funds now without any strings attached and who have the money to provide those services. . . . It's taking away from the poor to give to the rich—the reverse Robin Hood approach."

Milwaukee faces an almost identical problem. Funds are being distributed on the basis of school population, with much less weight being given to need. In effect, Milwaukee will drop from $12 million in 1981–82 under the old categorical grants to less than $2.2 million in the coming school year.

Milwaukee used some of these moneys to support its desegregation efforts and also for some remedial programs in newly desegregated schools. Milwaukee applied for half of the block grant, but did not get that much. Even with half, School Superintendent Lee R. McMurrin has estimated that the loss of money under one program would result in losing 120 teaching positions, 68 aide positions, 27 administrative positions, and 12 secretarial positions.

He noted that most school districts would get the same or more under the formula than they received the year before. "The only one to get less is the Milwaukee Public Schools," McMurrin declared.

Seattle, which desegregated without a court order, also is feeling the pinch of reduced funds under the block grant.

However, Cohen reported that large cities in Massachusetts would get more money from the block grant, but these increases would be offset by local reductions.

TITLE I RETRENCHMENT

What is happening under Title I cutbacks seems worth a separate look. In Washington, for example, Angelos reported an expected 37 percent reduction in the number of pupils served, a total of 8,372 youngsters.

Leroy Williams, Bremerton, Washington, School Board member, said, "One third of the districts will eliminate Title I reading, math, or language arts programs in Grades 7 and 8; staffing will be reduced by 45 percent."

In this instance, small rural districts with a high percentage of migrant farm children will be affected most severely, according to state officials. Seattle, however, suffers the largest dollar loss, wrote Angelos.

In Nebraska, Kennedy reports, Title I classes are being cut just as data are showing that reading and math test scores in Nebraska Title I classes are rising above national norms.

Texas lost $11.4 million in Title I money, Rice reports, a decline of 6.85 percent between last year and this year, not as great as the loss in some states.

"With inflation it really amounts to a lot more than that," said James Wilson, Texas Director of Compensatory Education programs. "We're talking about a much greater cut . . . in terms of services to children."

OTHER ELEMENTARY AND SECONDARY EDUCATION EFFECTS

The new federal fiscal stringency also has resulted in losses in other areas. In Wisconsin, programs for Indians have been slashed and further cuts are expected, Bednarek reported.

John Clifford, head of the We Indians program in the Milwaukee Public Schools, said a $55,000 reduction in a $200,000 program cut enrollment from 919 to about 450—a 50 percent reduction.

Innovation also has been cut deeply. Schools relied almost totally for federal support for innovation. One Wisconsin educator told Bednarek, "That innovation on the margin is really being cut off." The schools have taken all the innovation money and turned it into operating money, he said.

The kind of cuts reported raise the question of where innovation ends and basic programs begin. In one West Lincoln, Nebraska, elementary school, a popular remedial lab that uses a computer and other technology may have to be curtailed for lack of funds. West Lincoln Title I students scored 60 percent above the city's Title I norm and 30 percent above the state norm in reading.

NOT THE POOR ALONE

The reporters found that the budget cutbacks affected more than poor and minority students. An array of programs and services may be wiped out.

In Massachusetts, reports Cohen, 226 schools have been closed and 1,000 bus routes dropped. Countless programs also have been dropped, she wrote. Classes have been consolidated and user fees initiated for sports programs and other activities, including adult education in a number of communities. These are not the result of federal cuts alone, but the combined effect of the cuts, economic conditions, and voter-imposed restrictions on spending.

Two reporters found that school food services were being reduced or eliminated. Reduced federal funding has forced 13 of Washington's 300 school districts to abandon school food services this year, William Daley, administrative assistant to State Superintendent Frank B. Brouillet, told Angelos.

Daley said that many more school districts are "poised on the brink... because failing federal subsidies make an already uneconomical program impossible to sustain."

In Nebraska, wrote Kennedy, state officials said it was difficult to determine why school lunch participation drops. However, Ray Steiner, the Education Department's school lunch supervisor, believes federal cuts have played a role. Federally subsidized free lunches fell by 10.6 percent in a year, and subsidized reduced-price lunches by 22 percent.

Lincoln and other districts, which raised prices for regular meals to make up for the federal fund loss, experienced similar declines, according to Kennedy's report.

Here is a listing of other types of programs that are being reduced or eliminated due to federal reductions:

- Vocational and adult education were hard hit in Nebraska.
- The Nebraska Department of Education has been laying off experts in areas where education has been criticized for being too weak—the head of a dissemination network; a consultant who was trying to increase foreign language offerings in high schools; and a reading and basic skills consultant who had set up workshops to improve districts' reading programs.
- In Washington, reported Angelos, nearly 50 percent (about 150 districts) of all school districts will reduce or eliminate parent involvement; 60 percent (about 180 districts) will reduce or eliminate staff training; and 80 percent (about 240) will have to fire staff members.
- In Massachusetts, a survey by the Association of School Committees found that the schools are eliminating or curtailing such programs as music and art, school breakfasts and lunches, adult education, classes for gifted and talented, health care, home economics, industrial arts, foreign languages, and field trips. Much of this is due to local property tax limitations, but it does not bode well for the idea that the state or its localities will make up for federal cuts.

HIGHER EDUCATION

Student aid and other reductions are having a substantial impact on higher education institutions and students, according to the reporters. They interviewed a number of students whose plans were being affected by the changing financial aid picture. Angelos reported in Washington that the Council for Postsecondary Education estimated that student aid losses would amount to the equivalent of full aid for more than 5,600 students in 1982–83 and more than 16,000 students in 1983–84. Similar figures were reported for other states.

Carol Fox, 18, a freshman at Western Washington State University at Bellingham, said she sees "a lot of frustration and depression among students . . . half way through their schooling. I have friends dropping out of school because they can't find work."

Community college students were in a state of "shell shock," declared Dennis Eagle, a student officer at Olympic Community College in Bremerton.

The cut-off deadline in the phasing out of Social Security student aid benefits forced some students to enter college early in order not to lose the benefits, Kennedy reported. Many students said they could not attend college without student aid under Social Security.

Kennedy said that more than 15,000 of the 24,000 students at the University of Nebraska at Lincoln could be affected by cuts in federal aid, including 11,000 in the Guaranteed Student Loan Program. Farm families, he wrote, are affected particularly, because their family assets look high on paper but translate into relatively low income at certain times of the year.

Higher education in Massachusetts is affected by a double dose of cuts in federal funds and of limitations on local spending, reported Cohen. Massachusetts, already last in the nation in support of higher education, further reduced support this year to boost aid to cities and towns, Cohen wrote. The Massachusetts Board of Regents has predicted a loss of 6,000 to 10,000 places on Massachusetts campuses, according to Cohen.

Reductions in guaranteed student loans are expected to affect graduate students particularly. In Washington alone, the loss is estimated at $23 million in 1982-83. In addition, the report of the Council on Postsecondary Education noted that summer and part-time work has become increasingly scarce in Washington due to unemployment.

The University of Washington is being affected by reductions other than those in student loans, William Richardson, graduate dean and vice provost for research, told Angelos. Slated for elimination in 1983 is the Graduate and Professional Opportunity Program that provides access to graduate education for minority and women students. In another program, the university may lose half of its 41 fellowships due to reductions in support of Language and Area Centers fellowships. Proposals to eliminate the federal Sea Grant program could cost the university $2.5 million, Richardson said.

Proposed reductions in social science research "will place in jeopardy the $2.7 million funding for social science research at the university in such areas as crime and delinquency and economic analyses of the relationship between interest rates and inflation . . . some of society's most pressing problems," Richardson told Angelos.

From Nebraska, Kennedy reported that the Medical Center at the University of Nebraska speculates that as many as 100 graduate and professional students will consider quitting because they cannot find assistance. The Center has been trying to increase the number of doctors and nurses in rural areas. Some fear that program could be hurt, Kennedy wrote.

Nebraska state colleges have raised tuition by 10 percent. The 2-year Southeast Community College has raised its charges to the highest among the six community colleges in the state in anticipation of declining federal support, according to Kennedy.

And, caught in the squeeze between rising enrollments and declining funds, the University of Nebraska is considering the imposition of entrance requirements for the first time, reported Kennedy.

THE STATE'S RESPONSE

The reporters generally found little inclination on the part of the states to make up for losses of federal funds. Indeed, the states generally lack the capacity to respond due to economic problems of their own. The Education Commission of the States (ECS) reported that many states show revenue losses in recent years, when inflation is taken into account. (Table II shows the gains and losses in a recent year nationally and in the five states covered by this report.)

"The primary cause of this slow growth is not the change in tax structures, but a nationwide recession that had been amplified in several states whose economies are keyed to major industries," wrote E. Kathleen Adams, author of the ECS report: "A Changing Federalism: The Condition of the States."

Angelos reported that Washington has been particularly hard hit by the recession. Its forest products industry has been decimated by the slump in the housing market. Unemployment is 13 percent statewide and reaches 20 percent in some communities.

Even in Texas, which has a relatively stable economy due to its energy resources, chances of the state making up for federal reductions seem slim, Rice reported.

"I think it would be rather doubtful that the state could pick up much of the slack in terms of federal funding," said Wilson of the Compensatory Education Program. "We will probably reduce services or the number of children receiving services."

In Nebraska also, there is little chance the state will step in to fill the gap. Gov. Charles Thone, a Republican, has stated that Nebraska cannot make up for the federal cuts, Kennedy reports. In addition, Nebraska operates under a 7 percent limitation on taxes imposed by state agencies and school districts.

Table II
Growth Rates for State Revenues and Spending

Following are the growth rates of state revenues and spending between 1978-79 and 1979-80 for the nation and for the five states examined in this report. Growth is reported by the Education Commission of the States in current dollars and in "real" terms, adjusted for inflation.

		Growth Rate	Real Growth Rate
National	Revenues	+8.7%	−1.1%
	Expenditures	+12.7	+2.5
Massachusetts	Revenues	+5.1	−4.1
	Expenditures	+6.4	−3.2
Nebraska	Revenues	+7.3	−2.4
	Expenditures	+9.1	−0.8
Texas	Revenues	+14.4	+4.0
	Expenditures	+16.6	+6.0
Washington	Revenues	+4.9	−4.6
	Expenditures	+14.5	+4.1
Wisconsin	Revenues	+3.6	−5.8
	Expenditures	+11.0	+1.0

Many states are experiencing similar problems. Cohen reports that Massachusetts schools face drastic cutbacks in personnel and services because of Proposition 2½, which limits the amount of revenues that can be raised through property taxes. Massachusetts school districts are laying off teachers, closing schools, and curtailing services, Cohen reports. It seems unlikely that this would be reversed to make up for federal funding reductions.

In Wisconsin, state aid to education has been rising due to a sympathetic governor and legislature. However, Bednarek reports, the trend is unlikely to continue. Other social programs have felt the pinch of economic necessity, and education, in Roherty's words, has to contribute to "the solution of the problem."

In Wisconsin (and other states), the state response is further hampered by the reduction of revenue from federal income taxes. Like many states, Wisconsin has tied its income tax collections to the federal system. Changes in federal tax rates or exemptions also change the state tax collection picture. Losses due to tax reductions

and added exemptions such as Individual Retirement Accounts mean less state revenue, which makes it harder to get support for school aid, Bednarek wrote.

THE LOBBYING RESPONSE

The new realities of funding have brought changes to the lobbying picture in some of the states. For one thing, the competition for funds is much more intense.

"I see more competition for funds in the next session of the legislature than ever before," said Wright, the Dallas school superintendent. "There's already an effort by the Highway Department to take away that part of the sales tax that's going into public education because the highways need additional money."

Wright sees increased competition among public education, higher education, highways, and human services, four areas which take up about 95 percent of the state's budget.

"The only one that's really without an effective lobbyist is public education," Wright told Rice.

Texas also has seen an increase in lobbying since 1975, said Robby Collins, who serves as part-time lobbyist for Dallas public schools during legislative sessions.

Since 1975, he said, a proliferation of consumer and human interest lobbyists have been added to the traditional lobbies of business, education, and the trial lawyers, he said.

Even among the education lobbyists, Rice found division and competition rather than cooperation. The PTA wants to combat drugs; teacher groups want more money for salaries and fringe benefits; and administrators are concerned about funding formulas, he reported.

Bednarek reported that some observers sense profound change in lobbying in Wisconsin. In addition to the need to struggle harder for money, he wrote, the more significant change is that small, special interest lobbyists are losing or have lost their effectiveness.

"In the liberalism of the 1960's in Wisconsin, a good cause was all that was needed," Roherty told Bednarek. "That's not possible in 1982. There isn't any money to finance it. You're getting back down to a much more bare bones approach."

Generally, Roherty said, the lobbyists with money to help in reelection campaigns are the only ones who are heard."

The Implications

The nation clearly has reduced the priority it gives to education. Other priorities have moved way up—such as stabilizing and revitalizing the economy and strengthening national defense. Ideally, educational spending should be dropping a bit anyway, given the decline in enrollments at all levels of education.

However, a question of balance arises. If the nation becomes less educated than it can be who will operate the evermore sophisticated weapons systems needed for national defense, and who will fill the increasingly complex jobs that undergrid our economy?

The educators on whose testimony the five journalists' reports were drawn could, of course, be accused of special pleading, as has been the accusation made against those who speak for them in Washington. Educators certainly do have a vested interest in maintaining a certain level of funding for the schools.

These same state and local officials, however, are the ones who face the tough, "front line" educational decisions every day. They also face more directly the citizens and voters who want both better education and lower taxes. The educators presumably know what the needs are and they are saying that continued federal funding is needed. Perhaps, they say the form of federal assistance needs to be changed to provide more flexibility; but they complain strongly about the fund reductions.

Even providing flexibility becomes complicated when distribution formulas for block grants are decided. Everyone wants a piece of the federal pie, and the political temptation is to spread it as widely as possible. For example, in Texas and Wisconsin, at least, the formulas did not give need as much weight as simple school enrollments.

The new formulas have redistributed some money that used to serve poorer children to more affluent school districts, which was not the intent of the original categorical programs, the stated intent of the Reagan Administration, or the long-standing federal commitment.

When the Reagan budget was presented, Education Department officials said that the federal government had a role in the education of the disadvantaged. Many cuts in social programs were defended on the grounds that money was going to those who are not truly needy.

While nobody is receiving a bonanza these days, the schools that serve poor and minority students are hardest hit, as reported. The cuts come at a time when Title I (now Chapter I) has begun to prove itself in

terms of rising test scores in reading and mathematics. In an increasingly complex society, it is economically important for an individual to be able to read, write, and compute. Yet, an estimated 45 percent of the eligible students were not reached by Title I prior to the cuts. It seems likely that even with greater efficiency and elimination of waste these unserved students will not be reached.

Unless something changes drastically, the nation appears to be retreating from its commitment to attempt to provide equality of educational opportunities. In many cases, richer school districts can provide more funds for their schools to make up for federal cuts—some never relied that much on federal money in the first place. These schools, however, rarely serve minority children.

The changes affect higher education as well as the public schools. Students who were using federal grants and loans to improve their ability to be good and productive citizens may have to drop out of college, or settle for something less than their full potential. And the institutions that serve these students at the graduate and undergraduate level are suffering from additional cutbacks.

Study groups complain that America is losing its technological and scientific edge to other developed nations. However, the human resources to sustain scientific capacity are receiving a reduced investment. In addition, a possible imbalance is being created by continued emphasis on the hard sciences at the expense of the social sciences, as evidenced at the University of Washington.

Our society already seems to lack a balance between an advanced state of technology and the human capacity to control that technology. The human element in scientific and economic decisions is at least as important as the technical element. Yet, reductions in social science would seem to make the imbalance greater, rather than less. Policymakers might want to weigh the possible costs of a technologically-advanced economic system that is not tempered by the most advanced knowledge possible on the human side.

The impact of what is done in education always has been hard to assess in ways that can be measured readily. The impact of what is not done usually is not measured at all. The lost resources and wasted lives turn up as welfare, crime, or mortality statistics, and the connection to lost opportunities may or may not be made.

Perhaps in the long run, the economic policies of the Reagan Administration will restore a sound economy which can support education more fully at the local and state levels. At this point the tradeoff seems to be between economy and defense on the one hand, and education and other social programs on the other.

Such tradeoffs always have to be made in the political arena—the ancient guns or butter dilemma. Only the future can tell whether the issues were properly balanced. But by then it could be too late for those who were on the losing end of the equation.

—Ian McNett

Washington: 'A Double Whammy' State and Federal Cutbacks

Constantine Angelos
The Seattle Times

SEATTLE—Mary Clark, a Seattle teacher, is parent instruction coordinator at the John Hay Early Childhood Education Center for kindergarten, first and second grade children.

She and Dorine Halvorson, an aide, have helped organize and train parents so that Hay youngsters saw a black dance group, rummaged through "history boxes" provided by a local museum and dabbled in an art room staffed by enthusiastic parents.

Next year the parents will be there, but chances are slim that Mary and Dorine will be around to help them.

The reason they won't is that federal money paying their salaries is being eliminated.

Louise McKinney, Hay's principal and a leader in early childhood education here, says that could be tragic, because directed parent involvement makes a big difference in enriching the lives of her pupils and keeping them in school, especially the minority children bussed to Hay as part of Seattle's self-imposed desegregation plan.

"In this school we see a child not getting to school because mother's worked all night and has difficulty getting up in the morning or not coming to school because he or she has to wait until mother's paid to get a pair of shoes."

Mrs. McKinney cannot telephone many of these families because having a phone has become a luxury. Many move often because they can't pay their rent.

"All this instability in the lives of the children affects their learning. The emphasis at home is how you're going to eat, where you're going to live and how you're going to buy a pair of shoes."

Pat Lashway, 28, a former Peace Corps volunteer and first-year law student at the University of Puget Sound, Tacoma, has a different problem.

Ms. Lashway has a $7,000 federally insured loan. Her tuition and law-school fees take $5,500 of that. "I'm living on $3,500, which is not extravagant," she said.

"Most of us are looking at a $20,000 debt when we get out in three years." She and other students complain that federal cutbacks in student financial aid aren't helping morale or the prospects of getting through school.

Joan Parson, 18, a senior at Seattle's Nathan Hale High School, wants to go into television communication either at the University of Washington or Washington State University.

Her choice is WSU—"It has a better program in hands-on experience," she said. But the difference between living at home and living in Pullman will be about $3,500 a year. The amount of financial aid she gets will make the difference.

These are but a few examples of how reduced federal education aid is affecting people in this far Pacific Northwest corner of the nation, already hard hit by the economic downturn.

In some logging communities in the State of Washington unemployment is running as high as 20 percent. State-wide, the unemployment figure has been running about 13 percent, fourth worst in the nation.

The sluggish economy has pinched state revenues and led to deficits. A reluctant Republican Legislature early in April reimposed the onerous state sales tax on food to try to balance the state budget.

That's why Reagan Administration cutbacks in federal school funding have resulted here in what State Schools Superintendent Frank B. Brouillet calls "a double whammy"—a federal pullback at a time when the state, too, is forced to cut back on all services, including education.

'HOLES IN THE SAFETY NET'

"The federal cuts come at a bad time because in the last two special sessions of the Legislature we've lost $168 million in state money, coming off an '81 session budget that was down in the first place," Brouillet said.

"We have about 1,475 fewer people in federal programs, mainly in food services and in CETA than last year and roughly another 2,000 fewer people in state-funded programs, so there are about 3,400 fewer people employed in the schools of the state this year than last year," Brouillet said.

The cutbacks are hurting most those students with special needs—the poor, the disadvantaged and the minorities, Brouillet said.

Brouillet said he can see the merit in block grants from Washington,

D.C., to give states more local flexibility, "but when the Administration gives us the block and less money, you lose the concept."

"In the past when you had problems at the state level, it was the federal people who helped you out. They were kind of a life preserver, but the 'safety net' the President talks about has a lot of holes in it as far as education is concerned."

William Daley, an administrative assistant to Brouillet and a former lobbyist for his office in Washington, D.C., said federal education dollars to the state are expected to decline from $97 million in fiscal 1981 to $85 million in fiscal 1982, nearly a $12 million drop. Those figures do not include individual grants to school systems, such as federal desegregation money to Seattle, Tacoma and Pasco.

"Should the President have his way, however, and should his recisions be accepted, the drop will be to $74 million in fiscal 1982, or about a $24 million cut between now and next September," Daley said.

By fiscal year 1983 the "New Federalism" could result in a $36 million drop in federal dollars to the state in only two years, Daley said.

Daley pointed out that reduced funding has forced 13 of the state's 300 school districts to abandon school food services this year. Many more are "poised on the brink . . . because falling federal subsidies make an already uneconomical program impossible to sustain."

Since most federal programs are "forward funded," the real impacts won't be felt until 1983–84, Daley stresses.

"The numbers transmit little about the stupefaction caused by malnutrition and hunger or about falling reading scores, despairing parents, and the long-term impact of poverty," Daley observed.

Leroy Williams, a Bremerton School Board member, points out that a state law limiting local school levies prevents school districts from making up state or federal losses from local property taxes.

"Our research indicates that if federal support is reduced by an average of 38 percent next year—a very distinct possibility—the following will happen:

- Sixty-six percent (or about 200) of Washington's school districts will be serving fewer students with special needs.
- Fifty percent (or about 150 school districts) will reduce or eliminate programs and services.
- Nearly 50 percent will reduce or eliminate parent involvement.
- Sixty percent (or about 180 districts) will reduce or eliminate staff training.
- Eighty percent (or about 240) will have to fire staff members.

"In Title I programs alone, the expected reduction in the number of pupils served is 8,372, or 37 percent," Williams said. "One-third of the

districts will eliminate Title I reading, math or language arts programs in Grade 7 and 8; staffing will be reduced by 45 percent."

Staff school officials say that small rural districts with a high percentage of migrant-farm children will feel the impact most severely. But the largest single dollar slice will be cut out of the state's largest district, Seattle.

DESEGREGATION FUNDS DOWN

In the fall of 1978, Seattle gained national attention when it became the largest school district in the country to desegregate its schools without a court order.

Much of the cross-town busing effort, involving a mix of mandatory assignments and voluntary-option programs, was funded by federal money. Seattle had more than $20 million in federal funds those first years.

This year the district has $13.3 million. Next year's projected federal aid is pegged at $7.5 million, or $5.8 million less.

Dr. Donald J. Steele, Seattle superintendent, doesn't see the federal retrenchment as all bad. There's a positive element, too, he believes.

Steele reminds that "John F. Kennedy said, 'When the tide comes in, all the ships float.'

"But," Steele believes, "when the tide goes out, you have the opportunity to examine the hulls of those ships that were unseaworthy in the first place."

The federal pullback is "forcing us to look at those things we ought to hang onto in the worst of times," Steele said. The federal squeeze also is helping to narrow public education, because "we can't be everything to everybody and be all things to all people."

Steele thinks that out of all this can come a refocusing of the federal government's role in public education. "We may end up with a stronger commitment . . ."

But what worries Steele now is that there appears to be only the retrenchment, not the decision to redirect energies toward the future of education in the ways some foreign countries like Japan are doing.

Futurists predict that more than 60 percent of the work force will be involved in information services, but little, if any, federal leadership is being exerted in that direction, nor in computer literacy, bilingual or trilingual education, nor in international education, Steele said.

Perhaps the biggest impact of the federal cutbacks—"tremendously exacerbated by the President's tuition-tax credit proposal"—is the "general feeling among people dedicated to education of a lessening national priority to education," Steele believes.

Seattle may have to lay off as many as 275 teachers and other school employees because of the loss of the district's federal funds next year. Hundreds of others face loss of jobs because of state cutbacks. That doesn't make for good employee morale.

"When you get to the kinds of reductions we're facing—$36 million in the last two years (from state and federal sources)—it's almost an impossible task to keep good employee relations going."

These developments tend to lead one to conclude that "education is not in the public interest and certainly that's fallacious," Steele said.

STUDENT AID IMPACT

The Reagan Administration higher-education proposals present an uncertain, if not bleak, future for thousands of college students.

The Washington Council for Postsecondary Education has estimated that under the Administration's Title IV student-aid funding proposals, the net loss to students in this state would be $11.6 million, or the equivalent of full aid for more than 5,600 students in 1982–83, and more than $34 million in 1983–84, or full aid for more than 16,000 students.

"And one can assume that those students will not be able to go to school," observed Dennis J. Curry, financial deputy coordinator for the council.

Four-year public institutions, such as the University of Washington and Washington State University, would sustain 40 percent of the dollar loss; 4-year private schools, 25 percent; community colleges, 25 percent, and the proprietary and vocational technical schools, the remaining 9 percent.

GRADUATE STUDENTS AFFECTED

Reductions in the availability of guaranteed student loans would result in an estimated loss of $23 million in 1982–83, predominantly affecting graduate students.

Students who enrolled in college after May 1 no longer were eligible for Social Security benefits and those in school will be paid benefits for eight months, instead of 12 and will receive only 75 percent of last year's monthly payments. This will result in an estimated loss of $26 million to students in this state during 1982–83 and $35 million in 1983–84. By 1985 the program is to be phased out entirely.

The combined effect of all reductions would mean a loss of more than $60 million to full-time college students in the state in 1982–83, with an estimated accumulative loss of more than $90 million by 1983–84.

A council report observed that the "outlook for the future poses an immense challenge if the nation's historic commitment to education is to be maintained . . ."

Increasing unemployment is cutting down the chances for students to find summer work and part-time jobs during the school year, the report says.

Carl C. Donovan, president of the Washington Student Loan Guaranty Association, warns that the Administration's proposals "raise serious questions on students' ability to repay loans. If enacted, they will likely result in a marked increase in G.S.L. defaults," he said.

Under the Administration's proposal, all graduate and professional students would lose their eligibility for guaranteed student loans. David M. Irwin, executive director for the Washington Friends of Higher Education, which represents private schools, said about 2,300 independent college and university graduate students in this state would lose access to the G.S.L. program—"one of the very few federal student-aid programs available to them."

The Administration has said that graduate students could borrow under the Auxiliary Loans to Assist Students (ALAS) program, but Irwin points out that "most student-loan guarantee agencies in states throughout the nation, including the Washington Student Loan Guaranty Assocation, will not guarantee ALAS loans because the program is so unattractive to lenders. For the same reason, most banks will not make ALAS loans because they are so expensive."

Joseph Paul Beaulieu, immediate past president of the Washington Financial Aid Association, said, "We do not believe that the majority of students and families can sustain additional reductions in their financial-aid packages and still remain enrolled in the schools they are now attending."

Carol Fox, 18, a freshman at Western Washington State University at Bellingham, sees "a lot of frustration and depression among students . . . half way through their schooling. I have friends dropping out of school because they can't find work."

Community college students are in a state of "shell shock," Dennis Eagle, a student officer at Olympic Community College, Bremerton, said.

"Overwhelmingly, the attitude is to get done and get out as quickly as you can because you don't know if the class will be offered the next quarter," Eagle said.

Jimmy Beletz, another Western student, said bitterly, "We are so worried about defense, we are overlooking our greatest national resource, the minds of our people."

Hard hit by state budget cuts, the state's higher education institutions find themselves in an unenviable position. According to the

National Institute of Education, Washington ranked 50th in the nation in the increase in appropriations per higher education student from 1979–80 to 1981–82, with a 24 percent decrease.

Dr. John Terrey, executive director of the State Board for Community College Education, said that between the fall of 1980 and the fall of 1981 enrollment in the state's 27 community colleges dropped by 35,416 students, "one of only two decreases in recent years and by far the largest in our history."

NEEDIEST MAY LOSE OUT

Tika Esler, financial-aid officer at Seattle Central Community College, said that even the system for applying for aid works to the disadvantage of the neediest students.

"Low-income and disadvantaged students tend to not complete the forms correctly. Middle- and higher-income students that now are going to look at the community colleges will do the bureaucratic things well, and we won't have the money left for the low-income and disadvantaged.

"We can't deny the middle-income students. We might be lending 1,000 students $300 apiece when the real need is to lend 300 students $1,000 apiece," she said.

Jean Carlmas, a single parent with five children, 7 to 16 years old, is attending Seattle Central and has a campus job in the financial-aid office. She is getting by on public assistance while working her way through a data-processing program.

Ms. Carlmas only has a year to go, but her work-study aid may be ending. She tells students who come into the office asking for information what she's been told: "We don't know if there will be financial aid next year."

"A lot of them are dropping out," she said. "A lot of them are getting part-time jobs. It's going to be hell all the way around."

Terrey said that not only is the student-aid situation unsettling, but there are other federal reductions that could be damaging. For example, Terrey said that the state only gets 5.5 percent of its vocational-education funds for community colleges from the federal government, but the federal money pays for many functions not covered by state funds, including costs of starting new programs; special services for women, minorities and the handicapped; training to upgrade instructors; funds to update equipment and curricula, and subsidies for certain low-enrollment classes essential to industry.

"At a time when the state and nation lack enough trained personnel for highly-skilled occupations, it simply doesn't make sense for the federal government to cut vocational education funding by 4 percent at the same time it is drastically being reduced by the state," Terrey argued.

Besides the impact of loan reductions for its students, the University of Washington is facing cuts from a whole host of government programs, Dr. William Richardson, graduate dean and vice provost for research, said.

The Graduate and Professional Opportunity Program, instrumental in providing access for minority and women students to graduate education, is recommended for elimination in 1983. That would wipe out a $59,000 grant supporting seven University of Washington fellowships, Richardson said.

Proposals to reduce substantially the Language and Area Centers Fellowship program could cost the university half of its 41 fellowships in this area, totalling $215,000.

While the Reagan Administration, "with some notable exceptions," appears to be showing continuing support for research, there is a contradiction in pulling out aid for graduate students, Richardson said. "Without grduate students, the federally funded research will not go very far," he said.

The Administration's proposals to eliminate the Sea-Grant program would cost the university $2.5 million for marine programs on campus and in the region. Sixty graduate students and 49 faculty members devote research time to the projects, "many of which contribute directly to the regional economy," Richardson said.

It was Sea-Grant supported research which developed the technology of underwater acoustics to assess fish populations, Richardson said. Both Washington and Alaska use that technology in managing the herring fishery, without endangering survival of the stock. The estimated increased herring harvest is worth more than $4 million annually.

Richardson notes that other areas identified by the Administration for substantial funding cuts include science and engineering education, the social sciences and the arts and humanities. For example, the university receives about $200,000 a year to help prepare science teachers and improve science instruction, "both of which contribute significantly to the preparation of students for advanced work in the sciences," Richardson said.

In the humanities, proposed cutbacks in the National Endowment for the Humanities could threaten its traditional support for textural scholarship, which involves the identification and authentication of original texts and artifacts. This could jeopardize a "primary mission of humanistic and artistic study," Richardson said, which is "the creation and preservation of the literary and artistic achievements of mankind."

Proposed reductions in social-science research "will place in jeopardy the $2.7 million funding for social science research at the university in such areas as crime and delinquency and economic analyses of the relationship between interest rates and inflation . . . some of society's more pressing problems," Richardson said.

Wisconsin: Federal Cuts Affect Urban Poor and Minorities

David Bednarek
The Milwaukee Journal

While many Wisconsin schools have felt the pinch of cutbacks in federal funding for several programs, they have not yet experienced the full impact of the cutbacks.

The losses in federal aid are expected to total almost $14 million in the coming year, but with total expenditures for education at $2.5 billion, such a loss will not determine whether school systems rise or fall.

"The usual crying and moaning about our losses you're not going to hear from me," said Brian Roherty, the assistant superintendent for management, planning and federal services in the Wisconsin Department of Public Instruction. "I can't get real excited about it, given the economic realities the country is facing right now."

Roherty represents the view from the state capital in Madison. It's not the same view expressed by the superintendents of the large urban districts in the state, such as Milwaukee.

Although some of the federal cutbacks for programs like hot lunches affected almost all Wisconsin school children, the major effect of the cuts now and in the future will be felt by minority students and students from poor families. The reason is that most of the federal funds coming to Wisconsin support programs for children from poor families, many if not most of whom are minority.

And as Lee R. McMurrin, superintendent of the Milwaukee Public Schools, and other city school officials have been saying for months, most of these minority children and children from poor families live in the cities, even if the cities do not have a monopoly on poverty.

More than three-fourths of the minority children in Wisconsin live in six cities—Milwaukee, Racine, Madison, Kenosha, Beloit and Waukesha. They enroll more than 61,000 of the state's 79,000 minority children.

Of the impact of the federal cutbacks, Roherty said: "It's really a poor, minority and urban effect."

During this school year, Wisconsin is getting about $100 million in federal aid for education. Almost half, or $41.6 million, came here to pay for special programs for children from poor families. The next highest federally supported program is food services which got $33.7 million. Programs for education of the handicapped got $14.8 million, vocational education got $5.3 million and aid for districts experiencing an impact from federal government activity totaled $4.7 million.

For the coming year, the cut in the money for programs for children from poor families will be $8.8 million, by far the largest cutback in the federal programs. The number of students served by the programs will drop from 71,162 to about 59,000.

This shows the disproportionate effect of the cutbacks on districts with large numbers of children from poor families, the urban districts.

"Clearly, the Milwaukee city school district is experiencing a substantial problem," Roherty said.

Why then is Roherty relatively sanguine about the impact of federal funding cutbacks on Wisconsin schools?

STATE SUPPORT RISES

One reason is that the state's support of local school districts has been going up in recent years—both in absolute numbers as might be expected and in the percentage of total school expenditures. Despite all of the economic difficulties in the state and the high unemployment, school aid from the state is at an all-time high, largely because of Governor Lee Dreyfus' support of education.

"I don't think there's any question that when you set aside rhetoric, he was a very strong supporter of education, both at the university and elementary and secondary school level," Roherty said.

The key statistic is what percentage of local school expenditures is paid by the state. This figure has risen to 47 percent from about 40 percent in the last three years. Each percentage point increase means an additional expenditure of about $20 million by the state. It's clear that the state has been relatively generous in its support of local schools but can this generosity continue?

Roherty's sanguine assessment of the federal cutbacks stems also from the relatively small share of school spending borne by the federal government. With total school spending at $2.5 billion a year, the federal share is something like 5 percent and the cutbacks amount to less than 1 percent at most.

Roherty also says that congressional support for educational programs seems to be on the rebound and that he does not expect more severe cutbacks in the future. Whether this is the case, of course, remains to be seen.

Having said all that, just what has been the impact in Wisconsin's largest district, Milwaukee?

In the Milwaukee Public Schools, the special programs for children from poor families—known as Title I programs in the past and Chapter I programs now—at their peak were supported by $15 million in federal money.

For the coming year, school officials are planning to spend about $7.5 million on these programs although the federal support could be higher than that, but no one knows at this time.

What does such a cutback mean to children and their parents?

Norman Rose, coordinator of these programs for the school system, provided some examples.

The preschool program for about 500 three and four year old children, most of whom are minority, will be wiped out.

A program set up to give five and six year old children additional help in entering first grade will be cut by about 40 percent. The pupil enrollment will drop from 700 to 450 and the number of teachers will drop from 19 to 12.

Remedial reading and mathematics classes also will be drastically cut.

In remedial reading, the number of teachers will be trimmed from 112 to 72, and about 1,800 children, most of whom are black, will be without additional help in reading.

In mathematics, the number of teachers will be trimmed from 83 to 55, leaving about 1,260 children without their remedial mathematics classes.

In addition, Rose said that the cutbacks would eliminate most of the teacher aides in the program—the people who have been keeping records, listening to children master their reading skills and drilling children in arithmetic. The number of aides will drop from 112 to 30 or so.

INDIAN PROGRAMS CUT

Programs designed specifically for American Indian students already have been slashed and even more severe cutbacks are expected, according to John Clifford, head of the We Indians program in the Milwaukee Public Schools.

Clifford said that the $200,000 program was cut $55,000 last year to bring its present budget down to $144,671. A further cut of about 34 percent is expected for the coming year.

The first cut in the budget meant a reduction in enrollment in the

program from 919 to about 450, Clifford said. The reading tutor program's enrollment dropped from 95 to about 45, and the enrollment in the school adjustment program dropped from 349 to 250.

"We really have to spread our staff thin," Clifford said.

The cuts also will affect two other We Indian programs—one in which Indian students get help in finding a suitable school during the desegregation assignments and enrollment, and another in which Indian students get help in finding the opportunity for education beyond high school.

"This is where parents will notice the difference as our resources drop," Clifford said.

Federal cutbacks have not greatly affected the Milwaukee Public Schools' bilingual programs for Hispanic students because they are supported almost entirely by local and state funds, not federal funds.

Olga Eccher, coordinator of the programs, said, though, that federal support for assessment and testing of students for the bilingual programs would be eliminated. She estimated the amount at $55,000 which paid the salaries of the coordinator and secretary and supported some training of teachers.

Milwaukee's bilingual programs probably won't be trimmed by the state, which pays about 70 percent of the $1,017,085 budget, state officials predicted.

"I would be very surprised if the Legislature were ever to pick on that kind of program, even in tough times," Roherty said. "If education has to contribute to the solution of the state's problems, they're going to look at general school aid first. The political problems that result from going after specific categorical programs aren't worth it."

Milwaukee has two distinct bilingual programs. In one, students with limited proficiency in English are taught in Spanish until they become proficient in English. This one has an enrollment of 1,301.

In the other program, students who speak English are taught Spanish because they want to continue their skills in speaking and writing Spanish. There are 1,126 students enrolled in this part of the program.

Another effect of the cutback in federal money, and one that probably has concerned educators as much as any other, is that the cutback has eliminated the possibility of innovation in many school districts.

"That innovation on the margin is really being cut off," one educator said. "No matter how much you have, you're always going to feel like you could use more and your budget's always going to be tight. But if you can write a grant and get something exciting going on the side—even if it's small bucks—that's important to people and that's what has taken it in the teeth. They've taken all the innovation money and turned it into operating money."

BLOCK GRANT IMPACT

The Milwaukee Public Schools' loss under the block grant consolidation was devastating, in McMurrin's words, largely because of the school system's remarkable success in competing for money under the programs in past years.

This year Wisconsin's school districts are sharing in about $12 million that was allocated to the state last year under the 28 programs that have been consolidated into a single block grant. Of the $1.2 million, Milwaukee received almost $8 million that was used to aid the school system's desegregation and to support some remedial programs in newly desegregated schools.

For next year, the state's total allocation will be $8.9 million, of which about $1.8 million will be kept by the Department of Public Instruction and $7.1 million will be distributed to local school districts.

Milwaukee made a strong pitch for half the state's allocation, basing its plea on the fact that even with half it would still be forced to curtail many programs that had been supported with the federal money. McMurrin said that in terms of staff alone, the loss of the money under one program would mean the loss of 120 teaching positions, 68 aide positions, 27 administrative positions and 12 secretarial positions.

However, there was a great deal of sentiment around the state to base the allocation of the block grant on enrollment alone, rather than on enrollment and need as Milwaukee advocated.

After extensive and sometimes acrimonious debate, the Education Block Grant Advisory Committee decided to base the allocation of the grant half on enrollment and half on need with the result that the Milwaukee Public Schools would get between $2.1 and $2.2 million. That amount is considerably less than the $3.5 million Milwaukee wanted at first, but much more than the $700,000 Milwaukee would have received if only enrollment had been used in allocating the money.

The 50-50 split, McMurrin said, "recognizes now more than before the need factor."

"Most school districts will get what they got last year or more than before but we're supporting the recommendation because it could have gone in the other direction," McMurrin said. "The only one to get less is the Milwaukee Public Schools."

"The state superintendent really came through on this," McMurrin said. "This was a win for the poor children of the state."

Roherty, who carried the ball on the block grant issue for the state superintendent of public instruction, Herbert Grover, said the department felt that Milwaukee needed some help because of its special problems.

"We went to the mat for him," Roherty said. "We feel that Milwaukee has to survive along with everyone else."

What of the future?

Wisconsin frequently lags behind many other states in experiencing the negative effects of recessions and other kinds of economic downturns and the impact of the cuts may not be as severe now as it will be ultimately.

TAX LOSS EXPECTED

Even if federal aid does not continue to go down, Wisconsin schools still could experience serious financial problems, as fiscal problems at the state and federal levels come together in the 1983–85 biennium.

One reason is federal taxing policies. Wisconsin's progressive income tax is tied closely to the federal income tax. If the federal income tax structure is changed so that more programs like the Individual Retirement Account (IRA) are created, Wisconsin's tax collection will suffer. IRAs, for example, mean less state tax revenue, put more pressure on state legislators for other kinds of taxes to replace those lost by the IRAs and make it harder to get support for school aid.

Some major realignments will be necessary, Roherty said. "We're still at a higher level than we're probably going to end up at. We were gearing up for deeper cuts than we in fact had to take now."

After this year, the Legislature will have to respond to the new federalism and will have to make a decision on who's going to pay for voluntary integration in Milwaukee—the state or the federal government or the local taxpayer in Milwaukee. Up to now, the state and federal governments have picked up the tab for Milwaukee's desegregation, including the cost of busing and the specialty or magnet schools.

While the state aids for education have been going up in recent years, it's unlikely that this trend can continue.

In the last few years, Roherty said that spending for education by the state continued to increase while state expenditures for other human services such as medical care and welfare did not. There is now more pressure building to allocate more dollars to these human services, he said.

"If the deficit is as large as they're saying, based on my knowledge of state budgeting, I don't know how they can go up in actual dollars," Roherty said in referring to what educational expenditures might be in the next few years.

"The Legislature strongly supports education but I think there is general consensus in the Legislature that the time has come to let school aid be a contributor to the solution of the problem," he said. "They have not been a contributor up to this point. It's probably their turn."

The Wisconsin governor has said that he does not plan to push for state replacement of losses in federal aid to education. While Lee Dreyfus has announced that he will not run again, his views on this point may prevail because they seem to coincide with those of most legislators.

Because of the late action on the budget by the federal government, it was impossible to determine what kind of response, if any, would come from the state to the latest federal cutbacks.

"We haven't gotten any response in Wisconsin in part because the impact hasn't arrived," Roherty said. "But we in the Department of Public Instruction will take that issue to the Legislature in January."

As public money has gotten tighter in recent years, there has been what some people in Madison call a profound change in lobbying.

The first change was alluded to earlier. It is that legislators expect education to take its lumps along with other state services even though it has not up to this point. Education, like everything else, must become a contributor to solving the state's impending fiscal problems. Consequently, educational lobbyists have taken on a more realistic view of just what they can expect.

The other change, and probably the more significant one, is that the small, special interest lobbyists are losing or have lost their effectiveness.

In the 1960s and early 1970s, proponents for the gifted and talented or bilingual programs could go into the Legislature and get what they wanted.

"In the liberalism of the 1960s in Wisconsin, a good cause was all that was needed," Roherty said. "That's not possible in 1982. There isn't any money to finance it. You're getting back down to a much more bare bones approach."

This attitude, though, does not mean that existing programs in such areas as bilingual education are doomed. According to Roherty, the legislative attitude seems to be: "We won't touch the status quo but we won't make any changes."

Nevertheless, lobbying has changed, Roherty said. "The only lobbyists who are heard are those who have some money to assist in reelection."

Massachusetts: Local Funds Limited by Property Tax Lid

Muriel Cohen
The Boston Globe

Public schools in Massachusetts are shrinking in number and losing quality because of federal, state and local budget cuts in recent months, according to state education officials. Current reductions in staff and programs are limiting opportunities for today's student and jeopardizing future development in the schools.

Cities and towns across the state laid off more than 12,000 public school employees in the past year. That represents 16 percent of the total number of teachers, administrators, classroom aides, lunchroom workers, janitors and other school personnel.

The unprecedented degree of staff losses include the resignation or retirement of 60 school superintendents out of a total of 257 in the state in little more than a year and a half, the largest turnover of key administrators in the history of Massachusetts in such a short time span.

Of the total layoffs, the Massachusetts Teachers Association estimates 7,000 are teachers, a significant bloc of the 40,000 teachers nationally who have been dismissed because of budget reductions and declining enrollment.

Boston laid off the largest percentage of teachers in the state. At least 500 dismissed last fall are still jobless and the School Committee has announced plans to cut 600 more from the payroll before school opens in September. The city schools have lost at least 20,000 students in recent years due to court-ordered desegregation and the dropping birth rate.

State-wide, 226 school buildings closed down, 1,000 bus routes have been dropped, countless programs have been eliminated, classes have been consolidated and user fees initiated for sports programs and other activities, including adult education, in a number of communities.

This massive reduction of Massachusetts public education is the result of the combined impact of federal cutbacks and the state's two-year-old Proposition 2½, which limits the amount of local revenues that can be raised under the state's antiquated property tax law.

In addition, the federal shift from categorical to block grants for education will help the state's largest cities—those with the highest percentage of poor families—but the additional federal aid will merely offset local budget cuts. A number of other communities will lose federal funding that had been pouring into the schools since President Lyndon Johnson and the Great Society programs of the mid-sixties.

The double-barreled attack on local school finances further exacerbates inequities that are built into the Massachusetts tax structure. In the absence of any formula to equalize state aid, Massachusetts today has one of the least equitable school funding mechanisms in the country.

NEW HIGHER EDUCATION BARRIERS

Given all that, Massachusetts students, having graduated from one of its newly stripped down, economy-style high schools, confronts new government barriers limiting financial aid to help pay college tuition.

If they choose to enroll at one of the state's 30 public colleges or universities, they are again casualties of the state fiscal squeeze on education. Massachusets ranks 50th in the country in its percentage support of public higher education; only 4 percent of the state budget is allotted to its public campuses.

That minimal commitment was further reduced this year. Because Proposition 2½ drained many local budgets, the state boosted aid funds to cities and towns at the expense of the state colleges and universities, reducing by 6,000 to 10,000 the number of seats available, according to the Board of Regents.

As an example, Boston State College, 140-year-old former normal school, was absorbed by the University of Massachusetts in Boston in a crash move because of a $20 million shortfall in the higher education budget. The consolidation eliminated some courses and cost at least 70 faculty positions.

The state's public campuses continue to fall behind in capital improvements, in library acquisitions and in building academic quality. Public colleges and universities in Massachusetts have long been overshadowed by the state's private institutions that include such prestigious national educational resources as the Massachusetts Institute of Technology and Harvard University.

School officials fear that Proposition 2½ is ruining elementary and secondary education in Massachusetts.

"We're into a crisis position in public education," said State Education Commissioner John Lawson. He predicted some poorer communities "may not be able to sustain school systems" beginning July 1. He also pointed out that the new tax legislation deprives school committees of their traditional fiscal autonomy over school budgets.

"We are looking at 2½ as a regressive experience," said Richard P. Charlton, superintendent of schools in the small coastal town of Hull, 20 miles from Boston, with no business or industry.

Proposition 2½ limits the amount of revenue cities and towns can raise to a total of 2.5 percent of assessed valuation, and taxes thereafter can only be raised by 2.5 percent increments. So far, only one city, Cambridge, has won a legal fight to override the legislation.

Modeled after California's Proposition 13, the Massachusetts legislation was effective immediately, but Massachusetts did not have a budget surplus that helped California school districts adjust to the new, more stringent spending cap.

FEDERAL FUNDS DOWN $2 MILLION

Massachusetts will receive $10 million in federal school aid, down from last year's $12 million. Two million will be used by the state Department of Education for administration and some model programs as well as inservice teacher training.

In the current year, a survey by the Massachusetts Association of School Committees found school budgets were cut by an average of 7 percent, with the city of Leominster cutting 30 percent.

A study funded by the National Science Foundation found that the largest cuts in local school budgets during the first year of Proposition 2½ occurred in cities already suffering from fiscal problems as well as declining enrollment.

Dr. Edward Morgan of Lehigh University, who headed the study, concluded that two types of communities made the most substantial budget cuts: cities with a large enrollment decline in the years preceding Proposition 2½ and urbanized communities with lower assessed valuation, higher tax rates and higher fixed costs. Morgan, an associate professor of government, warned that the state can expect further inequities in school support because the state has never fully funded its formula for distribution of state aid to schools.

School systems statewide lost 19 percent of their administrators and 12 percent of their teachers on the average. Aides went down by 40 percent while custodians were cut by 27 percent, Morgan said.

A number of superintendents have taken early retirement, under the state's generous pension laws which allow an employee after 20 years to receive payment equivalent to the average salary earned in the last 3 years of service, generally their highest paid. Others are moving into private sector positions.

There are superintendents resigning from the state's lighthouse school districts like Newton, Brookline, Lexington and Wellesley because of the budget constraints of Proposition 2½.

As Brookline Superintendent Robert I Sperber puts it, "Next year's budget will dismantle all the improvements it has taken 20 years to get on line." Sperber will join Boston University as special assistant to President John R. Silber.

Proposition 2½ was enacted following an intensive campaign by a new political entity, Citizens for Limited Taxation, headed by Barbara Anderson of Marblehead, who was little known across the state at the beginning of her mission. The voters approved the Proposition on a referendum 2 years ago in what is seen as a protest against fat cat payrolls, political patronage, and repeated revelations of political corruption and chicanery.

In part, it was also seen as winning support from businessmen, particularly leaders in the state's new high tech industry, and others who sought to change the state's over-reliance on the property tax.

So far, there has been no new momentum to overhaul the state's tax structure.

A recent survey by the Massachusetts Association of School Committees shows the variety of programs eliminated or curtailed as a result of Proposition 2½: music and art, school breakfasts and lunches, adult education, classes for the gifted and talented, health care, home economics, industrial arts, foreign languages, and field trips.

LOCAL TAX LIMIT IMPACT

Consider what is happening just south of Boston in the city of Quincy, birthplace of Presidents John Adams and John Quincy Adams.

A stable, middle class community with a strong business and industrial base, Quincy has been losing student numbers in the last decade.

Enrollment peaked in 1971–72 with 17,000 students in grades kindergarten through 12. Enrollment next September is projected at 10,000, for a net loss of 38 percent.

The city has closed 12 schools and cut classroom teachers by 46 percent from a high figure of 831 in 1972 to 446 for the coming year. Quincy streamlined administration, reducing the number from 31 administrators 6 years ago to 15 for the coming school year. Classroom aides are down from 282 4 years ago to 189; clerks from 138 to 86; and pupil personnel staff from 137 to 89.

Quincy schools will operate on a budget of $24 million next year, $6 million below the last school year. Superintendent Lawrence Creedon says the 2-year impact of Proposition 2½ has been a loss of $11 million or 30 percent; loss of 650 employees; reduction of 45 percent in program offerings at the high school level; a one-third cut in athletic budget and elimination of all adult and community-based programs.

He expects the third year of Proposition 2½ to make further cuts in the schools.

When the legislation was passed, the state had reached a point where it had the highest property taxes in the nation. For example, a single family, four bedroom house in the suburb of Brookline, assessed at full value for $130,000 is taxed at a little more than $3,000, which does not include water, trash collection and sewer fees.

Brookline home owners this year assumed the additional cost of trash collection when the town reduced its highway department. Now the schools, which have been a strong magnet for professional families moving to the Boston area, are dropping a host of programs that added luster to their reputation: home economics, music, foreign language in the elementary school and overall offerings in the high school.

Like other cities and towns in Massachusetts, Brookline schools have been absorbing the additional costs imposed by pioneering state legislation 10 years ago in special and bilingual education.

Chapter 766 requires public schools to provide appropriate education for every local resident, aged three to 21, with mental, physical or emotional handicaps. That bill was a forerunner of the federal P.L. 94-142.

Presently between 12,000 and 15,000 students in Massachusetts are getting special attention in a range of programs, running from costly inpatient treatment at a psychiatric hospital, at $60,000 a year, to an hour a week for correction of a relatively minor academic problem.

Massachusetts is among the states absorbing large immigrant populations. Their children are turning up in the schools, largely in the cities, unable to read, write, or speak in English. Under the state's bilingual law, schools must provide bilingual classes wherever there are 20 or more students with the same language. That legislation expanded on existing classes that offered English as a Second Language to the foreign-born.

Presently there are fewer than 10,000 students in appropriate bilingual classes, and teachers are struggling to cope with the needs of the remaining, estimated at more than 100,000.

Brookline has students from 26 different countries, including Iran, Russia, Vietnam and Cambodia. Boston has students with more than 100 languages and dialects.

Massachusetts has provided no additional funds to pay for the mandates in special and bilingual education. Though in both cases students are entitled to smaller classes, the extra costs must come out of declining budgets at the expense of regular programs.

With the number of families dropping, there is a smaller constituency to fight for public money for schools. However, optimistic

reformers insist that voters will not tolerate further reductions in school funding.

Parents disenchanted with public schools and lacking enough clout to boost budgets are simply turning to local independent and parochial schools. Non-public schools throughout the state are flourishing. Most have waiting lists. The decline in confidence in the public schools, compounded by a loss of programs and of teachers as well as discipline and academic rigor, has contributed to the stabilization of the state's Catholic schools.

Nebraska: State Unlikely To Make Up Federal Cuts

Jack L. Kennedy
The Lincoln Journal

A frown crossed Jo Ann Maxey's face as she talked informally with fellow members of the Lincoln Board of Education, during a coffee break in one of the board's regular meetings.

Someone asked what federal budget cuts would mean to the Lincoln school district, second largest in the state with 24,000 students. She paused, put down her coffee, and thought about her own situation. Jo Ann Maxey is a bright former state legislator who recently returned for a second term on the elected school board. She is a housewife, mother, real estate broker, former student at the Milford campus of Southeast Community College, and wife of Al Maxey, a well-known police officer and former University of Nebraska basketball player. She is the first black woman to be elected to the six-member school board, in a city where the minority percentage is about 4 percent.

But, she wondered for a second, is it worth it? She worked. She aspired. She succeeded, personally and politically. She worked "through the system" to achieve middle-class status and some influence. Now she faces school board colleagues who are wondering how to cope with higher teacher salary requests, cuts in programs for the disadvantaged, slices in regular operating budgets because state aid has not kept pace, and other problems.

The cuts may not be noticeable, she and the board have said. Until someone realizes more than 100 paid parent aides are no longer in already large classrooms. Or a low-income family realizes they will have to pay $10 per family this year for the first time, for summer classes, because a cut in federal funding for Title I has dropped income for the summer term. Other parents face a $5 summer tuition increase, as an example of the federal cuts' ripple effect. The district has been subsidizing the summer term, and attempting to broaden its curriculum. But it has had to cut the offerings and add to tuition payments in an effort to reduce the subsidy, since the funds will be needed (about $300,000) for basic programs in the regular term.

Lincoln is one of the few Nebraska districts which has a summer term. Next year, says John Prasch, superintendent and a member of

the American Association of School Administrators executive committee, the district might have to drop the summer programs.

Title I is another story, in Lincoln and statewide. Just at a time when a Selection Research Inc. study shows test scores in Nebraska Title I classes are rising above national norms, the program is being cut and the definition of eligible target areas is being changed. State administrators tried to plan a program while wrestling with projected cuts of 30 to 50 percent. The cuts may be less, but Jack Baillie of the State Department of Education estimates that the state could get $4 million to $7 million less, affecting a good portion of the 26,000 students now served statewide.

At one Lincoln Title I school, the federal money funds 1.5 teaching positions, a tutor and an aide. When the program is cut, the principal said, "something has to go, and usually it's staffing" to aid the 1,320 Lincoln Title I students. Director John Jensen got about $800,000 in Title I money last year, for public and private schools. The district survived last year's cuts, he said. The program has helped kids, he said. "A lot of kids don't make it, but there are a significant number that do."

SCHOOL MAY LOSE LAB

Some of those who do make it are at West Lincoln Elementary School, where Michelle Walton and her friends in kindergarten through sixth grade have something new to turn on that really turns them on: a computer, and a mixture of other education technology in a special reading and math lab.

Michelle and friend Matt Bower, 8, grow impatient when the computer doesn't feed them their prescription immediately for the individually-designed work they are to do that day. The lab's results are as real as the kids' excitement, evaluations show.

West Lincoln Title I students scored 60 percent above the city's Title I norm and 30 percent above the state norm in reading. But teachers who use the equipment also to keep track of achievement and other student records wonder what will happen if the devices have to be moved to another school when there aren't enough units to go around, or what will happen if the funds dry up so there will be less software—and achievement. The lab, so popular that regular students try to bribe the teacher with charm to get in, may be restricted. Matt may never get his prescription, and a regular tax-supported budget won't be there to make up for it.

Why not? Can't Lincoln and the state turn to its own resources for help to close the gap as federal funds drop? No, say city and state officials. There are several reasons:

The state agencies and school districts are under a 7 percent lid, a remnant of the Howard Jarvis California crusade. Each entity can only

raise taxes 7 percent. It could have been a 5 percent limit, if a petition drive 2 years ago had succeeded. The 7 percent was a political compromise, to salve uneasy taxpayers.

The state is second-lowest only to New Hampshire in the percentage of state aid to local schools, at about 17 to 24 percent compared to the national average of about 50 percent. State aid has increased in recent years, but politicians looking at a shaky economy and taxpayers resistence have not raised the aid level in the past three legislative terms.

Nebraska also has notched another honor. It is second-highest, behind Texas, in the number of school districts. About 700 of the state's 1,100 school districts are small, rural, elementary-only districts. This causes annual debates over equitable aid distribution formulas and, state officials say, makes supervision of programs and disbursement of services difficult.

The state's predominatly agricultural economy is healthy. But its revenue is heavily based upon property taxes, although there has been more reliance in recent years upon sales and income taxes. The agriculture none interests resist more attempts to get more revenue from their land, in a time in which paper investments in equipment run into thousands of dollars on each farm but may not produce much revenue. They are also protective of their small school districts, as tax havens but also as the last sign in some cases of a community center which should not be closed, and also as a center of what they see as a place where "the basics" and American values may be taught better than in larger city schools with bigger tax bases.

Small towns throughout the state have tried to diversify their economies. But small plants are closing, too, or laying off workers. Even the large Kawasaki and Goodyear plants in Lincoln have cut back their work forces. This is felt, although the Lincoln economy is safer because it is heavily based upon government, education and many home office insurance companies—all considered virtually recession-proof.

One of the Lincoln-based government agencies which feels the pinch is the State Department of Education. It must not only administer the declining federal programs and keep school districts happy, but must fight the gradual loss of its own staff members.

STATE EDUCATION AGENCY LOSSES

More than 50 percent of the department's operating costs are paid by federal funds, Commissioner of Education Anne Campbell said. About 38 percent of the department's 600 people are dependent upon the federal government for their paychecks, said the commissioner, former president of the Council of Chief State School Officers. She considered asking the state to pick up the salaries of some employees, but has decided against that step, in view of the state's economy and the reluctance to raise basic state aid to local schools.

In a special session to discuss the contract with department workers, the State Board of Education and employees agreed that in some cases the staff could get 30-day notices of their termination, instead of 60 days or more. This way, Campbell said, she can wait longer to see if some federal projects will be re-funded. To date, at least 11 department employees have been given "early warning notices" their jobs may not exist soon. The total may exceed 25, she said.

Among those likely to be cut:

An employee who leads a "dissemination network," to see that good local programs, many of them federally-funded in part, are used in schools across the state.

A foreign language consultant, who has been attempting to increase the foreign language offerings in high schools, in response to criticism by a federal panel about the lack of language instruction nationwide.

A staff member who has been working in centers across the state to motivate older adults who had only a rural school education, who want high school diplomas in increasing numbers.

A reading and basic skills consultant, who has set up workshops to improve districts' reading programs and salvage the remains of the now-defunct Right to Read program.

In addition to the layoffs or warnings, "We have not been filling vacant positions when they come along," as resignations and retirements occur, Campbell said. She is uncertain how many vocational rehabilitation workers she will have to cut, what the future of veterans' programs will be, or how much money she will have for programs to aid migrant sugar-beet workers in western Nebraska, many of whom already have had food stamps reduced.

Vocational and adult education are among the hardest hit areas. The department and lobbying groups pushed, unsuccessfully, for $5 million in vocational aid to secondary schools two years ago. The state now puts in about $200,000. Most of the secondary vocational education money, Assistant Commissioner Glenn Strain notes, is federal. Nebraska is also one of the few states which charges adults for a diploma.

Like many others, Commissioner Campbell has fought for years for block grants and less red tape. If that develops into a positive sign, she said, she will be pleased. But at the moment, she said, "I don't know who can be any more frustrated."

BLOCK GRANT 'RIPPLE EFFECT'

The cuts are inter-related and painful, says John Clark of the department's under-staffed special education section. Nebraska was a leader in programs for the handicapped. Its state laws anticipated P.L. 94-142 in the early 1970's. Its regional service units and local schools

serve students, and wrestle with the meaning of the "least restrictive environment" phrase in the federal law.

But inter-agency fights over declining federal dollars for the handicapped will hurt local school districts and students, Clark said. The "block grant" which puts some formerly separate programs into one state pot may have disastrous ripple effects, he said. As Head Start, for example, loses its separate funding for preschool students, 290 persons who had received education as handicapped persons in the program will be put into regular school programs already hard-pressed for funds. Many state institutions and agencies already have waiting lists, he added.

If the young handicapped persons do not get help when they need it, Clark said, another agency will be waiting for them "at the end of the line"—the prison system. Local schools already pushed to pay regular teacher salaries to keep up with inflation cannot pay for formerly federally-funded special education staff members and equipment, state and local officials add. If summer terms are cut, as noted earlier, handicapped persons who need year-around programs to keep up therapy and education will be left without help.

The impact on school lunch programs of subsidy cuts and changes in eligibility requirements may be impossible to assess yet, state officials say. It is often difficult to determine the causes of drops in lunch participation.

But Ray Steinert, the Education Department's school lunch supervisor, says the federal cuts have played a role. The total number of free lunches, which are partially subsidized by federal funds, fell by 10.6 percent in a year. Subsidized reduced-price lunches served dropped by 22 percent.

Lincoln and other local districts, which have raised prices on regular meals to make up for the federal fund loss, have experienced similar declines.

The federal budget squeeze is forcing more students into college early, with some frustrations.

At mid-week, four students from a Seventh-day Adventist Church academy learned they must be at Union College the following Monday, or lose their Social Security benefits. They came, and are adjusting relatively well, college officials say. One of them, a junior, admits it was a big jump from his small town to the city of 170,000 and college life, but he had no choice. The students got no advance notice from the government, they add. Students at the 24,000-student University of Nebraska and at Nebraska Wesleyan University tell similar stories, and say they could not attend college without the federal Social Security aid. Colleges and universities are feeling the impact in other ways—most of them financial.

Some capsules:

More than 15,000 of the 24,000 students on the Lincoln campus of the University of Nebraska could be affected by the cuts in federal aid to college students, including 11,000 in the Guaranteed Student Loan program. Farm families would be particularly hurt, aid officials say, since their families' assets look high on paper but translate into relatively low incomes at certain times of the year. In March, the number of applications for admission was about the same as a year ago; it may be too early to tell the impact of the cuts on admissions. More than 100 Medical Center graduate and professional students will be considering quitting school, the University of Nebraska Medical Center speculates, because they cannot find funds. The Center has been attempting to increase the number of nurses and doctors in rural areas, but some fear this program could be hurt.

Money for loans and grants to the urban campus' 14,000 students in Omaha, many of them minority students, could be cut in half, officials there say. About 70 percent of the students already work full- or part-time, they add when reminded of the president's urging that more students should seek work, not loans or grants.

The state colleges have raised their tuition by 10 percent. The 2-year Southeast Community College vocational-academic school system has raised its charges to the highest among the six community college areas in the state, in anticipation of declining federal support for programs, and the state aid levels which officials say have not kept up with rising costs. Community colleges serve many low income students and adults on limited incomes, SCC President Robert Eicher said, and they will be hurt most as tuition levels increase.

Reacting to the student aid cutbacks, the University of Nebraska's Board of Regents voted to support a resolution presented by one of the board's student members, Florence Langford of the urban Omaha campus, in protest against the loan and grant decline. Langford said efforts to recruit more minority students, and improve retention of students, could be affected by the aid decline. She is the regents' only black member.

Six Nebraska lawmakers offered a resolution urging President Reagan to reconsider his proposed student aid cutbacks. The cuts would be devastating, the state senators said, and would mean a loss of more than $11 million to Nebraska students by 1984, for more than 22,000 persons.

For several years, the state has considered a state-aided scholarship program. The State Supreme Court has declared it would be constitutional, since aid would go to the student, not to the individual public or private school. But the 1982 Legislature did not fund the program. This may, in turn, cause Nebraska to lose some federal matching funds, says William Fuller, the Nebraska Postsecondary Coordinating Commission's executive director.

STATE CAPACITY LIMITED

Can the state take up the slack? The 1982 Legislature ended its session April 16, after having been called into a special session last fall to cut existing 1982–82 budgets by 3 percent to help alleviate cash-flow problems, when income did not meet earlier projections by Governor Charles Thone.

In the regular session just ended, which began in January, the senators raised some incidental taxes but declined to push major new programs and revenue sources. They learned that income will fall about $50 million short of earlier projections, and cut again into personnel and programs. An immediate ban was clamped on state employee travel. State employee pay raises, including those for the University of Nebraska, were deferred until January 1, when angry state workers will get less than a 4 percent raise.

It's obvious, Governor Thone told senators and constituents, that the state cannot afford to make up for the federal-level cuts. The Republican governor, a Reagan fan, says the period will be painful but Nebraskans must adjust.

The University of Nebraska can weather the storm, says President Ronald Rosken. But he sees darker clouds next year, as enrollment continues to rise and class sections get larger. The university is considering imposition of entrance requirements for the first time. The move comes partly out of a concern for improved quality, but there is another concern: that in a time of overcrowding, with ten positions unfilled in the college of engineering, for example, the University of Nebraska can afford to educate only the most obviously qualified students. It cannot afford remedial classes, backers of admissions plans say, or student aid to those who are not among the best students.

Education lobbyists, normally outspoken on financial issues and pushing for more state aid or larger university budgets, have been relatively low-key, as if resigned to the road ahead.

One of those lobbyists, Nebraska State School Boards Association Executive Director Justin King, said he has "cautious optimism" about the economy and the success of block grants and other federal changes. Educators have pushed for de-regulation for many years, he noted.

But now there is a fear that the regulations will still be there, King said—with less money to back them up, unless the local taxpayers "come through," which is unlikely. Local school boards are also facing fiscal problems of their own, King said. They are caught, reluctant to "cut people off" of their staffs.

Texas: 'Building a Cadillac On a Model T Budget'

Dale Rice
The Dallas Morning News

Texas has a history rich in tradition, but poor in support for public education.

"Texans tried to keep from having public education back in the 1800's," said Dallas School Superintendent Linus Wright, one of the state's leading experts on school finance. "They gave very little support to public education, and they did almost everything they could to keep from having the ad valorem tax as a means of funding public education.

"It wasn't really until 1949 that this state became serious about trying to establish equality in public education," Wright said.

In 1949, the Texas Legislature adopted a program to fund a minimum, basic education in all school districts in the state. In theory, the state picked up 80 percent of the cost of that basic education, while local districts had to raise the remaining share through property taxes. The actual local district share was determined by a complicated economic index, an attempt to equalize the financial support for public education. School districts were also free to enrich programs above the state minimum, limited only by the local school board's determination and the district's ability to support the additional tax revenues.

"We still have an attitude in a large segment of the state, and particularly in the small rural districts, that they will support public education only with what the legislature gives in the way of support," Wright said. "They are not willing to tax themselves locally to enrich the program."

That enrichment is one of the key facets of school finance in Texas, where the legislature continues to provide funding for what it considers to be a basic education. The money is provided through the Foundation School Program, which derives its revenues from interest on a permanent endowment, the general revenue fund and taxes on gas, oil production, motor vehicle sales and cigarettes.

School finance is further complicated by a recent law that allows voters to petition for a public referendum on budgets where the tax increase exceeds 8 percent. If such a referendum were successful, the

school budget would be rolled back to the previous year's level.

Thomas Patton, director of state funding at the Texas Education Agency, described the Foundation School Program as a "legislative formula" funding the "minimum programs to be available to every child in every district, regardless of wealth." Those funds pay for basic personnel units, some supplies, transportation costs and remedial education.

Under that formula, the state funds one personnel unit for every 18.5 to 21 students in average daily attendance, depending on the grade level. A single unit of funding would pay for a teacher, while a principal could cost the district 1.5 or more units, Patton said.

State funds account for about half of what is spent on elementary and secondary education in Texas. With a legislative appropriation of $3.275 billion this year and $3.575 billion next year, education takes nearly 40 percent of the total state budget, Patton said.

"Certainly, the foundation program is not sufficient to provide for the education needs in a society like ours today," Wright said. "The foundation program is completely inadequate to provide a good basic education."

Enrichment buys the extra teachers—librarians, counselors, and teachers to reduce the student-teacher ratio—that Wright calls the "indicators of quality in public education." The extra teachers are the "only element of quality built into the school system right now," he said.

Enrichment also pays for teacher salaries that are above the state-funded minimum. For example, the state next year will pay local districts $11,110 for a beginning teacher with a bachelor's degree. However, to remain reasonably competitive in attracting qualified teachers, Dallas this year paid $13,217 to beginning teachers. Next year, the beginning salary will be about $14,500.

EDUCATION IN A VISE

The current problem in school finance, Wright said, is that increases in financial support are not keeping pace with the needs. "People are responding we're already spending too much for the outcomes we're getting in public education," he said. "That's expressed in ways such as limited tax increases at the local level. It's expressed at the national level in the reduction of federal funds. It's expressed at the state level by trying to limit the amount of expenditures for public education."

The two forces at work—one demanding better public schools and the other demanding limited spending—"really has education in a vise," Wright said. "We say out of one side of our mouth that we're for improving the quality of public education. And, the on the other hand, we want that quality to be produced within a limited amount of money and that can't be done. It's like saying, 'Build me a Cadillac on a Model T budget.' "

Urban school districts, already strapped by the forces at work within the state, are going to be hard hit by changing federal policy, including the cutbacks and block grants.

For example, Texas as a whole has had a 6.85 percent decline in federal Title I monies. Last year, the state received $180.9 million, compared to $168.5 million this year.

"With inflation, it really amounts to a lot more than that. We're talking about a much greater cut," said James Wilson, director of compensatory education programs for the Texas Education Agency. "We're really looking at a greater cut than the federal cutbacks in terms of services to children."

Wilson said he knows there has been a reduction in the number of children being served in Title I programs across the state because of the cutbacks, but said the agency has not yet compiled the numbers.

According to Wilson, 99 percent of the school districts in the state receive some Title I funds. However, there are many districts that have not sought federal categorical grants through the annual competition for federal funds. Now, those districts will receive a share of the new Chapter II block grant funds that they previously did not seek.

The Chapter II funds will be distributed under a formula established by the Governor's Advisory Committee for Block Grants. In 1982–83, 80 percent of the grant the state will receive—or $22,123,274—will be distributed to local school districts on the basis of $5.068935 per pupil. Local districts will determine their needs and then submit applications to the Texas Education Agency. The agency will then authorize programs, approve the payment of funds and issue rules or guidelines as needed.

Under the formula, Dallas is slated to receive $1.073 million. Dallas school officials have proposed spending $107,000 on assistance for limited English proficient students, $751,039 to establish guidance programs on the campuses where students in grades 4–6 are bused for desegregation, $159,771 to contract with with Texas Education Agency's Region 10 service center to provide in-service training and curriculum development support services and $110,281 for administrative services to monitor and coordinate the block grant programs in Dallas.

FUNDS FOR MAGNET SCHOOLS

In addition, Dallas, Houston and Austin school officials convinced the Governor's Advisory Committee for Block Grants to provide some monies for magnet schools, which the three districts have established as part of their desegregation efforts.

"I appealed to the state because we lost all our ESAA (Emergency School Aid Act) money," Wright said. The committee responded by setting aside $1.2 million for magnet schools throughout the state, and Dallas is asking for $750,000 of that.

"The magnet schools have been one of our key desegregation tools," said H. B. Bell, the assistant superintendent in charge of federal programs in Dallas, in explaining why Dallas so badly wants the funds.

Dallas has been one of the most successful school districts in the nation in obtaining federal funds, a legacy left by former Superintendent Nolan Estes, who came to the school system in the late 1960's from a post with the U.S. Office of Education. Therefore, Dallas will be harder hit than most other school districts by the cutbacks in federal aid and by the distribution mechanism in Texas for the block grants that allots slightly more than $5 per student statewide.

"There's not anything more inequitable than a formula that distributes money equally, because the needs are not equal," Wright said. "There is no reason to distribute federal funds to a school district like some of our suburban districts here in Dallas that are going to get federal funds now without any strings attached and who have the money to provide those services. I can support the block grant and the easing of regulations and red tape, but I can't support the way it is distributed: to give it to everybody on an equal basis when the needs aren't equal. It's taking away from the poor to give to the rich—the reverse Robin Hood approach."

Wright said that instead of reducing federal aid, the government should move to improve the management of the system. "There's no question that unless local districts and states pick up those expenditures, public education is going to suffer tremendously. There is just more to do than the local funding level will support," he said.

The Texas Education Agency's Wilson said he believes the chances of the state picking up the slack are slim.

"I think it would be rather doubtful that the state could pick up much of the slack in terms of the federal funding," Wilson said. "We will probably reduce services or the number of children receiving services."

Under the system of block grants being overseen by his department, Wilson said school districts will have more discretion for using the Chapter II funds than they did under the categorical grants. However, although the decisions on using the money will be left to each individual district, Wilson said he does not "see one program suffering more than another, at least for this year. We may see that later on down the line."

School districts are currently under considerable pressure to show a marked improvement in public education. The Legislature ordered statewide minimum competency tests at the third, fifth and ninth grades as a means of comparing school districts and measuring improvements in school systems. The law requires districts to make the annual test scores public each June. In another area, a conservative Republican state senator from the Houston area has proposed legislation to outlaw social promotion.

COMPETITION FOR FUNDS INCREASES

In the next session of the Texas Legislature, which meets every 2 years, competition for funds is going to be tough, educators agree.

"I see more competition for funds in the next session of the legislature than ever before," Wright said. "There's already an effort by the highway department to take away that part of the sales tax that's going into public education because the highways need additional money. And there's no denying that they need additional money, but public education needs additional money, too.

"The strongest lobbyist is the one that's going to come out with the most money," Wright said. "Unless you have a Legislature that is concerned with looking at all services and placing priorities, then one area or the other is going to get hurt in the process. The effect that lobbying has, as we've seen in times past, is those that are most effective—those with the greatest amount of resources generally—end up getting the biggest portion of the pot of money that's available.

"There's no question that there's a great deal of competition between public education, higher education, the highway department, and human services for the monies. Those four areas probably make up 95 percent of all the state's monies. The only one that's really without an effective lobbyist is public education," Wright said. "It's like David and Goliath as far as public education competing with the other agencies in the state."

Robby Collins, a deputy associate superintendent and the Dallas school district's part-time lobbyist during legislative sessions, said, "On a rating scale of 1 to 10, with 10 being the highest degree of competition, we're in a 10. It's open shop every session of the legislature.

"Over the last four sessions of the Legislature, we've managed to get 35 to 37 percent of the available dollars," Collins said. "It was only through vigorous lobbying that we have been able to get our share."

Prior to 1975, Collins said, "there used to be the business lobby, the education lobby, and the perennial trial lawyers' lobby." Now, there is a proliferation of consumer and human interest lobbyists looking out for broader social issues. Common Cause is lobbying for consumer protection. Texas Impact—the lobbying arm of the Council of Churches—and the Southern Baptist Convention lobby on issues such as juvenile justice, aid to dependent children and rights of illegal alien children. Even the state PTA is expanding its efforts, lobbying for funds to finance a war on drugs.

Groups associated with education seldom coalesce to back a single issue with their united strength. While the PTA wants to combat drugs, teacher groups are campaigning for higher salaries and increased fringe benefits, and school administrators are concerned about changing the funding formulas.

Although those special interest groups within education, including higher education, have not gotten together in Texas yet, Collins predicts they will over the next 4 to 6 years as a "means of survival" to fight the anti-property tax movement and the attempt to bring initiative and referendum to the state.

"It will be an unusual forging of coalitions that no one heretofore thought possible," Collins said. "It won't be because we like each other. It will be because we dislike the property tax reform movement more than we dislike each other."

Michael Say, superintendent for administration and support services in the Houston Independent School District, said, "The financial support system in Texas is the result of the political process. Rural schools, suburban schools and urban schools all have their own coalitions working to influence the legislature to affect state funding formulas in their favor."

Say, recently selected to be the next superintendent of the Humble Independent School District near Houston, said issues like the state's overcrowded prison system and the increasingly inadequate highway system will bring pressure on the legislature for funds.

"Around Houston, a lot of highways are in very poor condition," Say said. "There will be public pressure to funnel more and more money into the highway system. There will be a great challenge in the upcoming session of the legislature."

Say noted that issues involved in the Rodriguez case, where the U.S. Supreme Court upheld the constitutionality of the Texas school finance system, will also continue to plague the legislators. The court decision prompted finance reform which educators expect to continue through this decade. In its 1973 decision, the Supreme Court said the legislators should look for a more equitable way to finance education and that the "ultimate solution must come from the lawmakers and from the democratic pressure of those who elect them."

Nearly 10 years later "if someone were to analyze the data, they would find a great disparity in the quality of education that can be delivered across the state, based on local resources and state funding," Say said. "In my opinion, we're no better off now than when the Rodriguez case was filed, even though the legislative action was supposedly taken to address those remedies."

Another issue affecting the equity of school financing is municipal overburden, which most school officials across the state refuse to recognize, according to Collins. However, he said, a recent research study proves that a piece of property worth $100,000 in Dallas cannot be relied upon to support public education to that same extent as a similar piece of property in a rural area.

In Dallas, Collins points out, the public school system is one of five government arms taxing property owners. The others are the city, the

county, a hospital district and one of the largest community college districts in the country. But in "rural East Texas or West Texas, where the county taxes are nothing and there is no community college district, they have relatively cheap municipal and school taxes. The ability to bear taxes on that $100,000 piece of property is much greater than it is in Dallas," Collins said.

It is particularly in the large cities, where the municipal needs are so great—police and fire protection, as well as a host of other social services—that the schools also have greater needs, Collins said. The Dallas and Houston school systems have a majority of the poor black children in public school in the state, he said. In addition, the big cities have become magnets for the handicapped, whose education costs are far more, because there are "concentrated advocacy groups for the handicapped that are organized politically," Collins said. In suburban Dallas County, for example, parents are suing school districts in an attempt to force them to provide services for handicapped children that Dallas has been providing for years.